

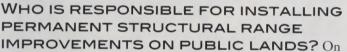
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INVESTING IN RANGE IMPROVEMENTS ON PUBLIC LANDS

WHAT ARE RANGE IMPROVEMENTS? There are two kinds of range improvements: nonstructural and structural. Seedings or prescribed burns are examples of nonstructural range improvements. Fences or facilities such as wells or water pipelines are examples of structural improvements. Many structural improvements are considered permanent, as they are not easily removed from the land.

WHY ARE RANGE IMPROVEMENTS

NEEDED? Such improvements enhance or improve livestock grazing management, improve watershed conditions, enhance wildlife habitat, or serve similar purposes.



public lands managed by the Bureau of Land Management (BLM), permittees or lessees (henceforth, "operators") may be required to install range improvements to meet the terms and conditions of their permits or leases. Often the BLM, operators, and other interested parties work together and jointly contribute to construction.

WHY IS IT BENEFICIAL FOR OPERATORS TO CONSTRUCT RANGE IMPROVEMENTS?

Improvements to grazing management infrastructure can add to the management effectiveness and efficiency of a public lands livestock operation and thus can enhance the operator's income generation abilities.

HOW ARE RANGE IMPROVEMENTS FUNDED?

The law provides that each year, either half of the grazing fees paid by operators or \$10 million (after it is appropriated through the Federal budget process), whichever is greater, will be provided to BLM to fund range improvements. The BLM also encourages contributions from operators and other parties who are interested in facilitating improved grazing management or enhancing other multiple uses. Often, lenders provide the funds that operators contribute for improvements, and the ability to obtain funds from a lender is a key factor in whether an operator can contribute to or fund an improvement.

HOW IS A CONTRIBUTOR'S INTEREST IN A RANGE IMPROVEMENT

DOCUMENTED? A contributor's interest in public land range improvements is documented either by a Cooperative Range Improvement Agreement (CRIA) or a Range Improvement Permit (RIP). These records are maintained by the BLM and are available for review upon receipt of an appropriate request. The BLM will comply with applicable law when responding to the request.



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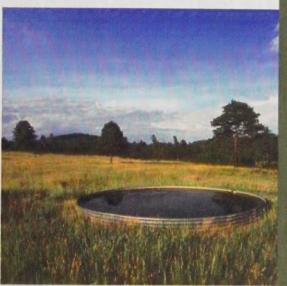


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WHAT IS A CRIA USED FOR? A CRIA is an agreement between the operator or other cooperating parties and the United States that outlines the provisions for constructing, using, and maintaining a permanent structural improvement on public lands. It specifies how the project's material costs and construction labor are divided between the cooperator(s) and the United States. A CRIA can be used to authorize any type of improvement, but, since 1995, it must be used to authorize all new permanent water developments such as spring developments, wells, reservoirs, stock tanks, and pipelines. A CRIA documents the cooperator's (s') contribution of funds, labor, or materials used for the initial construction of the improvement. This documentation provides the basis to determine the proper credit to an operator should the BLM be precluded from issuing a livestock grazing permit to that operator for these lands, such as in the event of a grazing preference transfer to a subsequent operator or a change in purpose for the land where the improvement is located, which may include disposal. The interest of operators (or other cooperators) in an improvement authorized by a CRIA may range from 0-100 percent of the original construction cost, depending upon their initial contribution.

WHO OWNS AN IMPROVEMENT THAT IS AUTHORIZED BY A CRIA? The United States holds title to an improvement authorized by a CRIA constructed before March 1984 and after August 1995; however, if operators' grazing permits or leases are cancelled or reduced because the BLM will no longer permit grazing in the vicinity of the improvement, the operators are entitled to compensation for their interest in the improvement as explained under "WHAT ARE THE OPERATOR'S RIGHTS TO COMPENSATION?"

WHAT IS A RIP USED FOR? Before 1995, a RIP was used to construct any kind of improvement that enhanced grazing management. Since 1995, the use of a RIP is limited to authorizing the construction of a removable range improvement. The operator agrees to fund 100 percent of the construction costs. Construction costs do not include BLM overhead costs such as those incurred for environmental compliance documentation in accordance with applicable law.

WHEN CAN AN OPERATOR HOLD TITLE TO A RANGE IMPROVEMENT? The operator may hold the title to authorized removable range improvements used as livestock handling facilities such as corrals, creep feeders, and loading chutes and to temporary improvements such as troughs for hauled water. Typically, these kinds of improvements are authorized by a RIP. If a range improvement is not one of these types of improvements and was constructed under a CRIA before March 1984 or after August 1995, then the title to the improvement is held by the United States. The operator holds title to any improvement constructed under a RIP between March 1984 and August 1995.

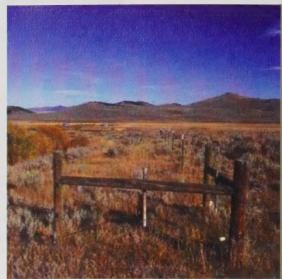


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WHO DECIDES HOW AND WHEN A PROJECT IS BUILT OR IF AN EXISTING PROJECT NEEDS TO BE REMOVED? The BLM coordinates with operators, State agencies, and the interested public in making that determination. The BLM normally requires specific standards, design, construction, and maintenance criteria. The BLM can require modification or removal of range improvements that no longer meet land use plan goals and objectives or fail to meet the original construction or maintenance criteria.

WHAT ARE THE OPERATOR'S RIGHTS TO COMPENSATION? The Federal Land Policy and Management Act of 1976, as amended, provides in section 402 (g) (43 U.S.C. 1752(g)) that "whenever a permit or lease for grazing domestic livestock is cancelled in whole or in part, in order to devote the lands covered by the permit or lease to another public purpose, including disposal, the permittee or lessee shall receive from the United States a reasonable compensation for the adjusted value, to be determined by the Secretary concerned, of his interest in authorized permanent improvements placed or constructed by the permittee or lessee on lands covered by such permit or lease, but not to exceed the fair market value of the terminated permittee's or lessee's interest therein" [emphasis added]. This right is stated in the BLM's grazing regulations at 43 CFR 4120.3-6(c) as well. These regulations also



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provide that if the improvement is authorized by a RIP, the operator may choose to salvage and remove the project rather than receive compensation.

ARE OPERATORS ENTITLED TO COMPENSATION FOR THEIR INTEREST IN AUTHORIZED RANGE IMPROVEMENTS IF THE BLM CANCELS OR REDUCES THEIR GRAZING PERMITS AS A PENALTY FOR REGULATORY VIOLATIONS? No. In that case, it is likely that the lands still would be eligible for a BLM permit.

IF A PERMIT OR LEASE IS CANCELLED BECAUSE THE BLM SELLS THE LAND OR OTHERWISE DISPOSES OF IT, WHAT IS THE PROCESS USED TO DETERMINE THE ADJUSTED VALUE OF THE OPERATOR'S INTEREST IN THE IMPROVEMENT? If the BLM cannot reach agreement with operators regarding the value of their interest in the improvement, the BLM will determine the value, considering factors such as its current condition, anticipated remaining useful life, replacement cost, and so forth. The BLM will issue a formal decision to the operators that declares the monetary value of the operators' interest in the improvement and how it was derived. The operators have the right to dispute the BLM's determination and seek administrative and civil review of the decision.

DOES THE BLM NEED DOCUMENTATION FROM THE LENDER OF AMOUNTS LOANED FOR A RANGE IMPROVEMENT? No. In fact, if the BLM receives this information from a lender or an operator, the BLM will not retain it in its records. The BLM documents the amount contributed by the operator to the project.

WHO IN THE BLM DO I CONTACT IF I HAVE OTHER QUESTIONS ABOUT THIS TOPIC? Contact the BLM office that administers the grazing permit or lease of the BLM operator who is planning a range improvement. Visit www.blm.gov for contact information. You may find copies of CRIA and RIP forms at www.blm.gov/blmforms/. Click on "Forms Central" and search for form numbers 4120-006 (CRIA) and 4120-007 (RIP).

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